

Message Text

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21

ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 XMB-02 COME-00 CIAE-00 INR-07

NSAE-00 /027 W

----- 081780

R 172110Z SEP 76

FM AMEMBASSY ASUNCION

TO SECSTATE WASHDC 8339

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EO 11652: NA

TAGS: EGEN EAIR PA

SUBJ: EXIM FINANCING FOR PURCHASE OF AIRCRAFT BY TAM

1. TRANSPORTE AEREO MILITAR (TAM) IS CONSIDERING PURCHASE OF NEW AIRCRAFT AND IS CURRENTLY INVESTIGATING SEVERAL TYPES OF PLANS, INCLUDING THE CONVERTED DC-3 TURBOPROPS FROM TURBO-AIRLINER. NEW PLANES WOULD REPLACE PART OF THE DC-3'S WHICH WERE OBTAINED BY PARAGUAY FROM U.S. AIR FORCE UNDER MAP PROGRAM AND WHICH PROVIDE IN-COUNTRY CIVILIAN PASSENGER SERVICE. ONLY MILITARY USE FORESEEN FOR NEW AIRCRAFT WOULD BE MILITARY CONTINGENCIES IN TIMES OF EMERGENCY.

2. TAM WAS ESTABLISHED IN 1954 AND NOW OPERATES 26 PLANES, PROVIDING SCHEDULED FLIGHT SERVICE TO 20 TOWNS THROUGHOUT THE COUNTRY. IT IS THE AIR TRANSPORT BRANCH OF THE PARAGUAYAN AIR FORCE AND IS DIRECTED AND OPERATED BY AIR FORCE OPERATIONS. TAM IS PARAGUAY'S ONLY INTERNAL AIRLINE AND IS KEY PART OF DOMESTIC TRANSPORTATION NETWORK. IT HAS AN EXCELLENT SAFETY RECORD AND A GOOD GENERAL REPUTATION.

3. NO REPORTS ARE PUBLISHED ON TAM'S FINANCIAL SITUATION, ALTHOUGH THE COMPANY IS BELIEVED TO BE PROFITABLE WITH INCOME EARNED RETAINED IN THE PARAGUAYAN AIR FORCE. THE DIRECTOR OF THE AIR FORCE, GENERAL QUINONES, HAS PREPARED FEASIBILITY STUDIES ON THE USE OF THE PROPOSED NEW AIRCRAFT, WHICH REPORTEDLY

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SHOW THAT, AT CURRENT LEVEL OF PASSENGER TRAFFIC,

SUFFICIENT FUNDS WOULD BE GENERATED TO PAY OFF THE
COSTS IN A TEN-YEAR PERIOD. IN VIEW OF TAM'S STATUS
AS A GOVERNMENT AGENCY AND ITS IMPORTANT ROLE IN ECONOMIC
DEVELOPMENT, A GOVERNMENT OR CENTRAL BANK GUARANTEE ON
ANY EXIMBANK LOAN SHOULD BE AVAILABLE.

4. EMBASSY WILL REVISE 1964 WTDR ON TAM AND SUBMIT
SOONEST.
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Message Attributes

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Capture Date: 01 JAN 1994
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Disposition Event:
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